

# **GOODS MOVEMENT ACTION PLAN**

## **INTEGRATING WORK GROUP MEETING SUMMARY**

November 3-4, 2005

The Integrating Work Group for the Goods Movement Action Plan (Action Plan) met on November 3, 2005 and November 4, 2005 in Sacramento at the Cal/EPA building. Cal/EPA Secretary Alan Lloyd and Business, Housing and Transportation Agency (BTH) Secretary Sunne Wright McPeak co-chaired the meeting. Following are the highlights.

### **DAY 1: Thursday, November 3, 2005**

#### **1. Policy Statement and Phase II Goals – BTH Secretary Sunne Wright McPeak and Cal/EPA Secretary Alan Lloyd**

Each Secretary presented brief opening remarks. Both emphasized the importance to the Administration of improving the goods movement system while at the same time protecting public health and the environment.

#### **2. Phase I Overview – BTH Undersecretary Barry Sedlik and Cal/EPA Assistant Secretary for Policy Cindy Tuck**

Barry Sedlik provided an overview of the Phase I report for the Action Plan. Highlights included the following:

- A. The Phase I Report addresses the “why” and “what” of California goods movement, including industry trends, an infrastructure needs inventory, environmental/community impacts, and homeland security concerns.
- B. It addresses four key “Port to Border” regions or corridors: Los Angeles/Inland Empire, the San Francisco Bay Area, the Central Valley, and the San Diego/Border area.
- C. It addresses the tremendous growth in goods movement in the State, particularly the doubling of international cargos through our major seaports in the next 15 years.
- D. This growth, which transportation planning has sometimes failed to fully address in the past, has burdened us with many challenges, including congestion, pollution (e.g., by 2020, without changes, port-related activity emissions will be Los Angeles’ biggest air pollution source), community impacts (including emissions, noise, vibration, truck parking, and visual blight), and homeland security concerns.
- E. The goal is to develop an action plan that identifies priority infrastructure projects, environmental and community mitigation, Homeland Security projects, financing methods, and necessary federal actions.
- F. The Phase I report identifies a current inventory of \$48 billion in major infrastructure improvement needs. From this plan list, an initial \$14.4 billion in priority infrastructure projects have been identified (e.g., Interstate 710 Corridor, Alameda Corridor East).

- G. An investment of at least \$2-\$5 billion will be required in the environmental and community mitigation area, including air quality incentives, agreements, and regulation. (This is in addition to the projects included in the \$48 billion project inventory noted above.)
- H. Funding/financing source options will need to be identified and explored.

Cindy Tuck explained that the Air Resources Board (ARB) is developing a Comprehensive Emission Reduction Plan (Emission Reduction Plan) for goods movement in a concurrent public process. ARB plans on issuing a first draft of the Emission Reduction Plan on December 1, 2005. In addition to providing recommendations to the Integrating Work Group, the Environmental Impact Mitigation Work Group will serve as an interface between the ARB Emission Reduction Plan process and the Action Plan process.

### **3. Preliminary Work Group Reports**

#### **A. Infrastructure – Co-Chairs Kirk Marckwald and Jim Spinosa**

##### **1. November 2, 2005 Meeting Highlights**

- a. Infrastructure projects need to work for the entire system. This is the State's first look on a system basis. Possibly smaller ports could play a bigger role.
- b. This Work Group discussed the short list of infrastructure projects. The key is that they would attract financing and have immediate benefit or be hugely important.
- c. This Work Group suggests mitigation on an "as you go" basis.
- d. The federal role is important, and there will have to be a co-incident funding plan.
- e. There is a need for coordination with other policy processes.
- f. This effort should not get caught up in bureaucracy.
- g. Existing operations need to be streamlined.

##### **2. Comments**

Comments from members of the Integrating Work Group included the following.

- a. Having meetings only in Sacramento precludes public participation.
- b. The co-chairs of the infrastructure group should meet with the co-chairs of the environmental work group.

#### **B. Community Impact Mitigation and Workforce Development – Lynn Terry, ARB (for Co-Chair Mark Pisano)**

##### **1. November 2, 2005 Meeting Highlights**

In addition to the Work Group meeting on November 2, ARB staff received public comment at its November 1, 2005 meeting in Oakland.

- a. Comment Highlights from November 1, 2005 Meeting in Oakland

1. It should be the role of the community, not governmental agencies, to identify the community impacts of concern.
  2. Health impacts should be assessed and reduced at a community level, not just regionally or statewide. Cumulative impacts should be considered.
  3. Land use decisions are critical – appropriate separations between incompatible land uses are needed.
  4. Trucks need to be kept out of neighborhoods.
- b. Comment Highlights from November 2, 2005 Work Group meeting:

1. Community Impact Mitigation

- a. Buffers were identified as desirable by both community members and others.
- b. Communities support open space, waterfront access, and other land uses that contribute to quality of life. A universal approach to the issue in terms of process, tools, and resources would be valuable. Due to the opportunity costs of preserving land near ports (e.g., foregone local tax revenues) there is strong pressure to allow new residences and other development.
- c. Community impacts of concern identified were: emissions, noise, traffic congestion. A cumulative analysis of all impacts is needed.
- c. There was a comment about lack of responsiveness by local decision-makers to community concerns. Also, mitigation should be flexible since the unforeseen can occur.
- d. A comment was made that ARB should have a greater role in land use decisions, but the longstanding authority of local government was recognized.
- e. There were multiple comments on the importance of accelerating introduction of new technologies. There was also recognition that anticipation of future technology should not justify bad land use decisions today. Good planning could reduce mitigation needs.
- f. There was discussion about the potential for improving planning processes, including CEQA, through performance standards and comprehensive planning with a strong land use component.
- g. Key comments on mitigation were: substantial funds are needed, the existing problem must be mitigated, new impacts should be mitigated concurrently, the most impacted areas should be the highest priority, and participation in the global economy should not come at the expense of public health in the community.

2. Workforce Development

- a. Key comments by educators, industry: A challenge on the educational front is the tradition of on the job training. Recruitment can be difficult since supply chain logistics is not widely seen as a career opportunity. There is a potential career ladder that needs to be promoted to improve the perception of the industry. Training in the community will help. There are challenges to

job placement for those without experience; apprenticeships could help. The state needs to invest in education. The location of entry level jobs may not be in the most impacted communities so relocation could be involved.

- b. Community members suggested that training in the community is needed – not at remote campuses. Space for community based training can be found in communities – churches and warehouses are possibilities. The communities want clean, green, safe jobs. Training in the community must be comprehensive and effective with job placement.

## 2. Comments

- a. Mitigation work should be prioritized based on areas that have the most impacts.
- b. Given the land use considerations, has the Governor's Office of Planning and Research been at all involved in this project? (Yes)
- c. Has John Husing's report on goods movement/logistics job growth been peer reviewed? (That peer review is underway.)

## **C. Public Health and Environmental Impact Mitigation – Co-Chairs T.L. Garrett and Todd Campbell**

### 1. November 1, 2005 Meeting Highlights

- a. The meeting was an introductory one. The programs should achieve the maximum possible relief in the shortest time.
- b. ARB's draft Emission Reduction Plan will be a key input to the Work Group.
- c. The Work Group needs to understand the impacts and benefits of the infrastructure projects.
- d. Work should build on prior efforts such as the No Net Increase work.
- e. Part of the financing needs to be committed to the mitigation work.
- f. Alternatives analyses and market strategies should be considered.
- g. The timeline for the process is short and has been truncated.
- h. Meetings should not always be in Sacramento.
- i. Environmental organizations want there to be a comprehensive plan first – not just identification of short-term projects.
- j. The health data is not complete.

### 2. Comments

- a. Secretary Lloyd – The process will not end in December.
- b. The state should consider preparing a template for the process for community benefit agreements (using the LAX agreement as a model). The state should coordinate with the people who worked on the LAX agreement.
- c. Health effects information is needed before the action plan goes forward. (ARB will provide additional health effects information in the December 1 draft plan.)
- d. When the Infrastructure Work Group said "mitigate as you go," that was with regard to new projects. (The discussion did not address mitigation for existing impacts.)

#### **D. Homeland Security and Public Safety – Co-Chair Wally Baker**

##### **1. October 31, 2005 Meeting Highlights**

- a. Like other areas, Homeland Security and Public Safety should be addressed from a systems approach, which results in an effective business plan.
- b. Homeland Security starts where the goods are manufactured and shipped. That means working with the manufacturers, and the beneficial owners of cargo, to make sure that the right goods are shipped and accounted, and items of risk (explosives, radioactive materials, various toxins, etc.) are kept from our shores. Security at our ports should not be our primary line of defense.
- c. New technology, at all points of the supply chain, will provide us with improved security and should be applied as rapidly as possible.
- d. Security must go beyond our ports. It should involve our communities, and emphasize citizen awareness. It should also go beyond just the consideration of imports. Export cargos can also be a risk, if someone domestically purposely wants to put certain people and infrastructure in harm's way.
- e. We have a funding problem in the amount and allocation of federal funds for port security improvements. The Federal shift to a more of a risk-based allocation model should increase the funding of California port security improvements.

##### **2. Comments**

- a. Efforts to improve security at the point of origin should continue to be expanded. Although it is an international issue, we should know who is shipping what, who is loading it, and who is transporting it, from origin to destination. It has to be a continuous process. We should also look to others for new ideas, like the ports in Hong Kong and Singapore, who are making rapid advances in improving the security of freight shipments, while still maintaining high volume productivity.
- b. Efforts to improve security here at home must continue to advance, such as worker identifications, and container/shipment seal improvements. The challenge is that in many cases, ships typically make multiple ports-of-call, opening opportunities for security to be compromised.
- c. The federal government needs to be more responsive in certifying shippers and terminal operators of their investments and other actions that improve security.

#### **E. Innovative Finance and Alternative Funding – Co-Chairs Rick Gabrielson and Jack Broadbent**

##### **1. November 1, 2005 Meeting Highlights**

- a. The goal is to assemble a menu of financing tools.
- b. This Work Group needs lists of the projects (both infrastructure and mitigation projects).

- c. There needs to be a meeting of the co-chairs. (This took place by conference call on November 8, 2005.)
- d. The systems are linked, and there needs to be an understanding of the linkages.
- e. Mitigation should be done “as we go.”
- f. The system needs to remain cost-competitive for shippers.
- g. Federal support is need. Assistance from Secretary Mineta and the California Delegation would be helpful.
- h. There needs to be quantification of the health care costs in communities.

## 2. Comments

- a. One formula used is 33/33/33 (federal/state/private).
- b. Maybe a container fee could be applied to the beneficial owners of the cargo.
- c. There needs to be principles for this discussion (e.g., regarding who benefits/who pays).
- d. There can be fees on pollution, but you cannot trade on toxics.
- e. One project that definitely needs to be funded is the cleanup of trucks at the ports.
- f. Secretary McPeak – This work group should focus initially on principles and benchmarks until the project lists are available.

## 4. Public Comment

- A. Do not just do mitigation – the driver should be attainment of the air quality standards. The cost on the environmental side is not \$2-5 billion; it is closer to \$20 billion. Think in terms of instruments. There are ways to address community and proximity issues.
- B. Look at underutilized ports and facilities. The state should provide share of funding for channel deepening.
- C. For communities, rail and truck emissions are a large concern. There is no representation on the Integrating Work Group from the Inland Valley.
- D. Health officials need to be involved. Work with communities on outreach. Clean construction is needed. This table is not diverse.
- E. There are smaller ports in California. Container fees may not work – think instead about true user fees.
- F. Consider community impacts on a cumulative basis. There needs to be outreach to the truck industry for this process.

## 5. Principles Discussion

Initial comments from the Integrating Work Group Members included the following:

- A. The principles need to cover public health impacts (not just environmental impacts).
- B. Projects and environmental work should be moved at the same time.
- C. The word “mitigation” implies that the project is a given.
- D. Changes to one part of the goods movement system should not damage another part of the system.

- E. There needs to be a plan in place before the projects are commenced.
- F. Projects and mitigation should go forward together.
- G. There is a desire to address existing conditions caused by past actions, but that work should be separated from the need to mitigate future impacts.
- H. Regarding the 710 freeway, the discussion should be not just how to expand it, but how to turn the project into an improvement for the community.
- I. It is not feasible to go back and pay for all past actions.
- J. “Balance” is not a good choice. The economic work and environmental work are equally important.
- K. Secretary McPeak – What we are talking about is simultaneous improvement.
- L. Figure out the “win-win” scenarios and then figure out who pays.
- M. CEQA needs to be fixed.
- N. How do you use public health as a metric? It is the underlying goal, but can you measure it? There is always the causal issue. Air quality concentrations can serve as a surrogate indicator of public health.
- O. Rename the Environmental Impact Mitigation Work Group. (It was agreed that the new name would be the Public Health and Environmental Mitigation Work Group.)
- P. We need a realistic timeframe and more people at the table.
- Q. There is a cost to doing nothing, and there are public health impacts that need to be addressed. (Consensus on both points.)
- R. Indicators are an important issue (e.g., emission reductions, parts per million, etc.).
- S. Resist the idea of 100% mitigation before doing new projects. For example, expansion of the 710 is good for air quality. Also, shifting freight from trucks to rail is good from an emissions standpoint, but community impacts needs to be considered.
- T. The communities are **not** saying do not go forward until the existing problems are fixed. They are saying do not go forward without ALSO working on the existing problems.
- U. Do not forget that the new projects will create good jobs.
- V. There is a real issue of whether it is possible to evaluate the incremental public health impacts for a project.
- W. There needs to be more focus on operational improvements.
- X. The Integrating Work Group must include more community representatives, and there must be a longer timeline.

## 5. Public Comment

- A. There are problems associated with not doing anything when the population is going to increase dramatically.

## **DAY 2 – Friday, November 4, 2005**

### **1. Recap and Agenda for Today - BTH Secretary Sunne Wright McPeak and Cal/EPA Secretary Alan Lloyd**

- A. Secretary McPeak announced that the Agencies would be expanding the membership of the Integrating Work Group to address the issues of representation, and the next work group meetings would be in the Los Angeles area.
- B. As to the timeline, Secretary McPeak noted that the work would continue in 2006, and there would be community meetings regarding the draft plan.
- C. The agencies will consult with Human Health and Services Agency in relation to public health issues.
- D. Secretary Lloyd stated that public health impacts will have a full hearing.

### **2. December Report Contents Outline - Cal/EPA Assistant Secretary for Policy Cindy Tuck**

- A. Based on written comments and comments made at the work group meetings, the Goods Movement Action Plan will not be finalized in December. Instead, the December report to the Cabinet Work Group and the Governor will include a framework for action that represents the best thinking as of December. The framework will undergo a public process in 2006.
- B. The agencies distributed a one-page outline of what the table of contents for the December report may include. The Work Group discussed the draft table of contents and agreed that the word “project” should be changed to the broader word of “actions.” Secretary McLean noted that “actions” would include projects, mitigation, and the application of technology. This revised draft document will be posted on the Web site.
- C. There was discussion that the December report should include information on innovative technology and land use.

### **3. Revised Principles for Action Plan Implementation**

Note: The agencies distributed a revised version of the draft principles that was based on Integrating Work Group’s discussion the day before.

Initial comments from the Integrating Work Group Members regarding the November 4, 2005 draft included the following:

- A. Mitigating community impacts on a priority basis (i.e., at the most impacted community first) raises the issue of how do you determine which community is most impacted? This assessment needs to be done on an analytical basis.
- B. The principles need to address financing/funding.
- C. There needs to be a simultaneous commitment to fund the public health/community projects (at the same time the infrastructure projects are being funded).
- D. We should not be advancing “dumb growth.”
- E. The principles need to address jobs.



- F. The document is improved.

The agencies asked the members to provide comments on the draft by close of business on Tuesday, November 8, 2005.

#### **4. Brainstorming on Initial Action Priorities for (a) Public Health and Environmental Mitigation Work Group and (b) Community Impact Mitigation and Workforce Development Work Group**

The Work Group shared ideas about priority actions in the areas of public health and environmental mitigation and community impact mitigation. The resulting lists will be posted on the Web site. During this discussion, the Work Group decided that there would be a subgroup formed to work on port efficiency and technological innovations.

#### **5. Meeting Conclusion**

- A. Participants were asked to provide further commentary on the principles, the discussion questions included at Section IX of the second day agenda, and the report outline.
- B. The next subject-area work group meetings will be held on November 14-16 in Los Angeles. The next Integrating Group meeting will also be held in Los Angeles on November 28 and 29.